Growth of petro chemical sector

2648. SHRI GIREESH KUMAR SANGHI: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government are aware of slowing down of growth in the petro-chemical sector due to increase in the prices of basic feed stocks i.e., crude oil and natural gas; and

(b) whether Government have any proposals to enhance the present subsidy on feed stocks in view of hike in the inflation rate and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) During 1995-96 to 2001-02 the Consumption of major petrochemicals increased from 2914 kilo tons in 1995-96 to 6222 kilo tons in 2001-02 with a Compounded Annual Rate of Growth of (CARG) 16.4 %. Further during 2001-02 to 2005-06 the consumption of major petrochemicals increased from 6222 kilo tons in 2001-02 to 7629 kilo tons in 2005-06 with a Compounded Annual Rate of Growth of (CARG) 5.2 %. Prices of crude oil, naphtha and natural gas used as basic feed stocks for the manufacture of petrochemical are deregulated and market driven.

(b) No Sir, Department of Chemicals and Petrochemicals does not provide any subsidy on feed stock for petrochemicals.

Foreign investment in the fertilizer sector

2649. MS. MABEL REBELLO: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the Government are trying to invite foreign investments in the fertilizer sector:

(b) if so, the details thereof;

(c) whether it is also a fact that despite such a policy the fertilizer sector could not be able to attract much foreign investment and if so, the reasons therefor; and

(d) what steps are being taken to correct the situation?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) to (d) At present, there is no restriction on foreign investments in the fertilizer sector. The subsidy regime for the manufacture of fertilizer is available to all units as per guidlines and norms laid down from time to time. There have been foreign investments in the fertilizer sector in past. However, since there has been no significant investment in the fertilizer sector in last ten years due to inadequate availability of gas, no foreign investment has taken place in this sector during this period. Due to projected improvement in availability of gas (feedstock) from 2009-10 onwards; various options to attract investments are now being explored.